

Message Text

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ACTION EA-06

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FM AMEMBASSY JAKARTA

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INFO AMEMBASSY LONDON PRIORITY

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C O N F I D E N T I A L JAKARTA 11852

LIMDIS

E.O. 11652: GDS

TAGS: ENRG ID

SUBJECT: PERTAMINA'S LEASED TANKERS

REF : STATE 11592 (NOTAL)

1. EMBASSY HAS LEARNED THAT FAR EASTERN ECONOMIC REVIEW PLANS TO DO MAJOR ARTICLE ON SUBJECT OF PERTAMINA'S LEASED TANKERS IN THEIR SEPT. 10 EDITION. ARTICLE PRIMARILY DONE BY FEER'S JAKARTA CORRESPONDENT, DAVID JENKINS, AND DRAWS HEAVILY UPON JENKINS' TWO CONVERSATIONS WITH LAWYER REPRESENTING BURMAH TANKERS. LAWYER, JOHN POWELL, OF LONDON FIRM HOLMAN, FENWICK, AND WILLAN, HAD SPENT SEVERAL DAYS IN JAKARTA DOING TECHNICAL RESEARCH IN CONNECTION WITH BURMAH'S PLANNED MAJOR LEGAL ARBITRATION SUIT AGAINST PERTAMINA ON SEVERAL VESSELS (ALL CONVENTIONAL CRUDE CARRIERS). (TECHNICALLY, POWELL REPRESENTS ASTRO FINO DELMAR WHICH HAS FIFTY PERCENT INTEREST IN BURMAH SHIPPING AND EXPLORATION CORPORATION.)

2. STORY OUTLINES EX-PERTAMINA PRESIDENT GEN. IBNU'S INVOLVEMENT IN ARRANGING LONG-TERM CHARTER OR HIRE PURCHASE

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AGREEMENTS FOR 23 OCEAN-GOING CRUDE TANKER VESSELS. VARIOUS

ROLES AND BACKGROUNDS OF RAPPAPORT, KULUKUNDIS, ET AL ARE ALSO MENTIONED. IN ADVANCE COPY SEEN BY EMBOFF, JENKINS FOCUSES ON EFFORT OF BURMAH TANKERS TO FILE ARBITRATION SUIT IN LONDON AGAINST PERTAMINA ON NON-PAYMENT OF MONTHLY CHARTER FEES PLUS EXPENSES ON SEVERAL VESSELS. ARTICLE STATES THAT FIRST CASE COULD INVOLVE UNIVERSE PATRIOT, VESSEL LEASED FROM EL-PADRON S.A., PANAMANIAN COMPANY WHOSE PRINCIPALS ARE ALLEGED TO HAVE DIRECT INVOLVEMENT WITH BURMAH. OTHER POSSIBLE INITIAL ACTIONS COULD INVOLVE GALLANT SEAHORSE OR PACIFIC SEAHORSE VESSELS, LEASED FROM COMPANIES DIRECTED BY ELIAS OR MICHAEL KULUKUNDIS. COMMENT: IT IS OUR UNDERSTANDING THAT LONDON ARBITRATION SUITS WOULD NOT NECESSARILY TRIGGER DEFAULT CLAUSES IN MORGAN GUARANTY LOAN AGREEMENTS. CAN DEPARTMENT CONFIRM? END COMMENT.

3. FEER'S ARTICLE IS LARDED WITH COMMENTS AND QUOTATIONS TAKEN FROM JENKINS' INTERVIEWS WITH POWELL. IN ORIGINAL COPY, POWELL IS QUOTED (INDIRECTLY) AS MAKING CRITICAL REMARKS ABOUT PERTAMINA'S NEW YORK MARITIME LAWYERS, BURKE AND PARSONS. THRUST OF BURMAH'S POSITION AS PUT FORTH IN STORY IS THAT COMPANY IS WILLING WORK OUT COMPROMISE BUT AFTER TEN MONTHS OF NON-RESPONSE FROM PERTAMINA, BURMAH'S PATIENCE HAS RUN OUT. ARBITRATION THEREFORE SELECTED AS WAY OF GETTING PERTAMINA TO TAKE ACTION AND BEGIN PAYMENTS. JENKINS SAID POWELL PRIVATELY WAS QUITE CRITICAL OF RAPPAPORT'S RECENT ATTACHMENT ACTIONS WHICH WERE SEEN MORE AS "EMBARRASSMENT" TACTIC.

4. BRITISH EMBASSY HERE ALONG WITH LOCAL BURMAH REP HAVE SPOKEN WITH JENKINS IN EFFORT TO CLARIFY OR CORRECT ANY APPARENT INACCURACIES. JENKINS WAS APPARENTLY SHOWN SEVERAL OF BURMAH'S AFFIDAVITS BY POWELL AND MAY POSSIBLY HAVE BEEN GIVEN COPY, OR AT LEAST SEEN, BURKE'S AFFIDAVIT OF AUGUST 2 SWORN BEFORE NEW YORK COURT IN SUPPORT OF PERTAMINA'S ORDER TO SHOW CAUSE IN MARTROPICO CASE.

5. EMBASSY HAS DISCREETLY ALERTED PERTAMINA OF STORY VIA GEORGE BENSON, CURRENTLY IN JAKARTA. PERTAMINA PRESIDENT HARYONO CONCERNED BUT FEELS MATTER OUT OF HIS HANDS SINCE ACTION ON TANKERS PROBLEM WAS ASSIGNED TO MIN TRADE RADIUS PRAWIRO AND MIN FOR REFORM SUMARLIN LAST DECEMBER. HARYONO DISTURBED CONFIDENTIAL

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THAT LATTER TWO HAVE NOT MOVED QUICKLY ENOUGH, THUS PERMITTING CURRENT SITUATION WITH BURMAH TANKERS TO DEVELOP.

6. FOR HONG KONG: EMBASSY JAKARTA WOULD APPRECIATE CONSULATE'S ASSISTANCE IN OBTAINING EARLY COPY OF STORY AND CABLING HIGHLIGHTS OF TEXT TO US. IN THIS REGARD, CONSULATE MAY BE APPROACHED BY BURMAH HONG KONG REP, PHIL DUNCAN, FOR SIMILAR ASSISTANCE.

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